



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

GAVIN NEWSOM - GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

May 17, 2019

Ms. Frankie Ezzat, Chief Deputy County Executive Officer
Riverside County
4080 Lemon Street, 4th Floor
Riverside, CA 92501

Dear Ms. Ezzat:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 15, 2019. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Riverside County Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2019 through June 30, 2020 (ROPS 19-20) to Finance on January 17, 2019. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 25, 2019.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed.

- Item Nos. 427, 428, 432 to 434, 436 to 440, 444 to 452, 457, 458, 460, 461, 463, 464, 466, 467, 469, 470, 472, 473, 475, 476, 478 to 485, 502, and 503 – Property disposition, maintenance, and staff costs. Finance continues to partially approve these items. However, Item Nos. 447 to 452 are not allowed because the properties related to these items have been sold. Total costs include estimated county counsel costs totaling \$47,000, real estate staff coordination costs totaling \$90,950, real estate staff costs totaling \$121,200, other costs totaling \$16,000, marketing costs totaling \$1,000, title costs totaling \$1,000, and vendor invoice costs totaling \$2,000. These costs account for \$279,150 of the total \$324,770 requested for the property disposition items.

All related properties were approved for sale in the Long-Range Property Management Plan; however, the amount requested is excessive as described below. As a result, the excess costs of \$148,250 in the Redevelopment Property Tax Trust Fund (RPTTF) funding are not allowed as follows:

- Item Nos. 432, 438, 444, 447, 450, 480, and 483 – County counsel costs. Based on Finance's review, 20 hours per property is reasonable for the intended sale of the properties associated with these line items. Therefore, the Agency is allowed up to \$3,600 (20 x \$180) for county counsel costs for each corresponding item. See Attachment 2 on Pages 5 and 6 for the applicable amount denied per item. As a result, a total of \$29,000 in requested county counsel costs is not allowed.
- Item Nos. 427, 433, 436, 439, 445, 448, 451, 457, 460, 463, 466, 469, 472, 475, 478, 481, 484, and 502 – Real estate staff coordination costs. Based on Finance's review of documentation provided, 20 hours per property is reasonable for the properties associated with the line items currently intended for sale. Therefore, the Agency is allowed up to \$3,300 (20 x \$165) for real

estate staff coordination costs for the corresponding item. See Attachment 2 on Pages 5 and 6 for the applicable amount denied per item. As a result, a total of \$38,150 in real estate staff coordinating costs is not allowed.

- Item Nos. 428, 434, 437, 440, 446, 449, 452, 458, 461, 464, 467, 470, 473, 476, 479, 482, 485, and 503 – Real estate staff costs. Based on Finance's review of documentation provided, 20 hours per property is reasonable for the properties currently intended for sale. Therefore, the Agency is allowed up to \$3,300 (20 x \$165) for real estate staff costs for each corresponding item. See Attachment 2 on Pages 5 and 6 for the applicable amount denied per item. As a result, a total of \$65,100 in real estate staff costs is not allowed.
- Item Nos. 432, 438, 444, 447, 450, and 480 – Other costs. Based on Finance's review of documentation provided, an amount of \$1,000 is reasonable for the properties currently intended for sale. See Attachment 2 on Pages 5 and 6 for the applicable amount denied per item. As a result, a total of \$12,000 in real estate staff costs is not allowed.
- Item Nos. 447 and 450 – Marketing and title costs. Based on Finance's review of documentation provided, it is our understanding properties have been sold; therefore, a total of \$2,000 in marketing and title costs is not allowed. See Attachment 2 on Pages 5 and 6 for the applicable amount denied per item.
- Item Nos. 448 and 451 – Vendor invoice costs. Based on Finance's review of documentation provided, it is our understanding properties have been sold; therefore, a total of \$2,000 in vendor invoice costs is not allowed. See Attachment 2 on Pages 6 and 7 for the applicable amount denied per item.
- Item Nos. 9 and 11 – 2011 Tax Allocation Revenue Bonds Series B and Series B-T in the amount of \$1,796,819 and Series E in the amount \$575,869. Finance no longer reclassifies the excess proceeds for use on debt service. In lieu of using excess proceeds for debt service, the Agency is directed to use the excess proceeds to defease or purchase the bonds as set forth in HSC section 34191.4 (c) (2) (C).

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$45,162,281 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is Finance's final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in RPTTF.

Please direct inquiries to Joshua Mortimer, Supervisor, or Cole Chev, Analyst, at (916) 322-2985.

Sincerely,



 JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Imelda Delos Santos, Principal Management Analyst, Riverside County
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County

Attachment 1

Approved RPTTF Distribution For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 12,538,566	\$ 32,285,420	\$ 44,823,986
Administrative RPTTF Requested	827,577	757,659	1,585,236
Total RPTTF Requested	13,366,143	33,043,079	46,409,222
RPTTF Requested	12,538,566	32,285,420	44,823,986
<u>Adjustments</u>			
Property Disposition, Maintenance, and Staff Costs*	(135,550)	(12,700)	(148,250)
RPTTF Authorized	12,403,016	32,272,720	44,675,736
Administrative RPTTF Authorized	827,577	757,659	1,585,236
Total RPTTF Authorized for Obligations	13,230,593	33,030,379	46,260,972
Prior Period Adjustment	(1,098,691)	0	(1,098,691)
Total RPTTF Approved for Distribution	\$ 12,131,902	\$ 33,030,379	\$ 45,162,281

* See Attachment 2 for further details.

Attachment 2

Summary of Disallowed Property Disposition, Maintenance, and Staff Costs

Property Disposition Cost Items	Total Requested	Total Denied ROPS A Period	Total Denied ROPS B Period	Total Denied ROPS 19-20
County Counsel Costs	\$47,000	(\$27,000)	(\$2,000)	(\$29,000)
Item No. 432	5,400	(1,800)	0	(1,800)
Item No. 438	7,200	(3,600)	0	(3,600)
Item No. 444	5,400	(1,800)	0	(1,800)
Item No. 447	2,000	(1,000)	(1,000)	(2,000)
Item No. 450	2,000	(1,000)	(1,000)	(2,000)
Item No. 480	7,200	(3,600)	0	(3,600)
Item No. 483	17,800	(14,200)	0	(14,200)
Real Estate Staff Coordination Costs	90,950	(34,750)	(3,400)	(38,150)
Item No. 427	4,950	(1,650)	0	(1,650)
Item No. 433	4,950	(1,650)	0	(1,650)
Item No. 436	4,950	(1,650)	0	(1,650)
Item No. 439	4,950	(1,650)	0	(1,650)
Item No. 445	4,950	(1,650)	0	(1,650)
Item No. 448	3,400	(1,700)	(1,700)	(3,400)
Item No. 451	3,400	(1,700)	(1,700)	(3,400)
Item No. 457	4,950	(1,650)	0	(1,650)
Item No. 460	4,950	(1,650)	0	(1,650)
Item No. 463	4,950	(1,650)	0	(1,650)
Item No. 466	4,950	(1,650)	0	(1,650)
Item No. 469	4,950	(1,650)	0	(1,650)
Item No. 472	4,950	(1,650)	0	(1,650)
Item No. 475	4,950	(1,650)	0	(1,650)
Item No. 478	4,950	(1,650)	0	(1,650)
Item No. 481	4,950	(1,650)	0	(1,650)
Item No. 484	9,900	(6,600)	0	(6,600)
Item No. 502	4,950	(1,650)	0	(1,650)
Real Estate Staff Costs	121,200	(61,800)	(3,300)	(65,100)
Item No. 428	5,000	(1,700)	0	(1,700)
Item No. 434	9,900	(6,600)	0	(6,600)
Item No. 437	5,000	(1,700)	0	(1,700)
Item No. 440	9,900	(6,600)	0	(6,600)
Item No. 446	9,900	(6,600)	0	(6,600)
Item No. 449	3,300	(1,650)	(1,650)	(3,300)
Item No. 452	3,300	(1,650)	(1,650)	(3,300)
Item No. 458	5,000	(1,700)	0	(1,700)
Item No. 461	5,000	(1,700)	0	(1,700)
Item No. 464	5,000	(1,700)	0	(1,700)
Item No. 467	5,000	(1,700)	0	(1,700)
Item No. 470	5,000	(1,700)	0	(1,700)
Item No. 473	5,000	(1,700)	0	(1,700)
Item No. 476	5,000	(1,700)	0	(1,700)
Item No. 479	5,000	(1,700)	0	(1,700)
Item No. 482	9,900	(6,600)	0	(6,600)
Item No. 485	20,000	(13,400)	0	(13,400)
Item No. 503	5,000	(1,700)	0	(1,700)
Other Costs	16,000	(10,000)	(2,000)	(12,000)
Item No. 432	3,000	(2,000)	0	(2,000)
Item No. 438	3,000	(2,000)	0	(2,000)
Item No. 444	3,000	(2,000)	0	(2,000)
Item No. 447	2,000	(1,000)	(1,000)	(2,000)
Item No. 450	2,000	(1,000)	(1,000)	(2,000)
Item No. 480	3,000	(2,000)	0	(2,000)

Property Disposition Cost Items	Total Requested	Total Denied ROPS A Period	Total Denied ROPS B Period	Total Denied ROPS 19-20
Marketing Costs	1,000	(500)	(500)	(1,000)
Item No. 447	500	(250)	(250)	(500)
Item No. 450	500	(250)	(250)	(500)
Title Costs	1,000	(500)	(500)	(1,000)
Item No. 447	500	(250)	(250)	(500)
Item No. 450	500	(250)	(250)	(500)
Vendor Invoice Costs	2,000	(1,000)	(1,000)	(2,000)
Item No. 448	1,000	(500)	(500)	(1,000)
Item No. 451	1,000	(500)	(500)	(1,000)
RPTTF Funding	\$279,150	(\$135,550)	(\$12,700)	(\$148,250)